

Memorandum

To: Scott Hamilton, Kern Water Bank Authority
Michael Schlehuber, Vidler Water Company, Inc
From: Steve Hirsch, US Bureau of Reclamation *SH*
Date: December 10, 1999
Re: Request for Additional Information on Proposed Water Purchases from Kern Water Bank Authority and Vidler Water Company, Inc

Background: As you know, CALFED's Policy Group recently allocated \$10M to pursue near-term actions to help stabilize south of the Delta water supplies and avoid potential unanticipated fishery and water supply conflicts in Water Year 2000. One of the identified near-term actions is south of the Delta water purchases. I have been tasked with securing water purchase agreements with interested parties and appreciate your interest in working with Reclamation to that end. It is my intent to meet with you individually in the near future to begin negotiating a mutually acceptable agreement. In the interim, however, I would appreciate receiving an updated proposal consistent with the information provided below. This approach will ensure that our "face-to-face" negotiation meeting(s) will be more productive.

This memo describes the: 1) two types of proposals requested; 2) content of the requested proposals; and 3) proposal submittal instructions.

Two Types of Proposals Requested:

Water Purchase Scenario A: One-Year Water Purchase

- Contract term = 1 year (April 15, 2000 to April 15, 2001)
- Water purchased at negotiated price, no "option fees"

Water Purchase Scenario B: Multi-Year Water Purchase

- Contract term = 3 years (April 15, 2000 to April 15, 2003)
- One time, up-front payment of an "option fee" to secure first right to call upon the water anytime within the next three years
- Second payment to exercise the option

Content of Requested Proposals: At a minimum, the proposals should contain the following information:

- Location map.
- Table showing total quantity of water available monthly by year-type beginning April 15, 2000.
- Describe how the purchased water will be made available at O'Neill Forebay.
- Describe any factors that could affect the quantity of water available in any one month or year (e.g. infrastructure constraints or reduced SWP allocations).
- Identify CVP, SWP, or other facilities required to facilitate purchase for either pumping, storage, or conveyance.
- Describe any agreements necessary to secure the use of these facilities (e.g. exchange agreements, SWP/CVP conveyance agreements).
- Describe and provide any existing CEQA/NEPA/ESA documentation that addresses purchasing the subject water or utilizing the existing facilities.
- Describe what will happen to this water, if it was not purchased.
- Identify the total asking price for this water with a breakdown of all cost components (e.g. fees, pumping costs, etc).

Proposal Submittal Instructions: We are attempting to conclude the negotiations by January 2000 to ensure that purchased water would be available by April 15, 2000¹. Accordingly, it is requested that you submit a proposal for each of the two water purchase scenarios by Friday, December 17, 1999. The proposals should be submitted to me both via fax [(916) 978-5005] and via mail (2800 Cottage Way, Sacramento, CA 95825-1898). Please call me at (916) 978-5012 if you have any questions. Thanks.

¹ USBR has already initiated preparation of necessary environmental documentation which is expected to be finalized in March 2000.